

THE WORLD

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TOMORROW

The Middle Class and Revolution

H. N. BRAILSFORD



Nationalism, Socialism and Christianity

H. RICHARD NIEBUHR

Canadian Banking

J. F. PARKINSON

AUGUST, 1933

15 cents a copy, \$3.00 a year

Who Is
Responsible
For Health?

GEORGE A. COE

The World Tomorrow

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THE bankers, the *Chicago Tribune*, the *New York Herald Tribune* and other leaders and symbols of political reaction have undergone an interesting change of heart recently. They were so badly scared in the first months of the Roosevelt régime that they let the "new deal" get started without a murmur. But now that the stock market is going up they feel secure again and are beginning to grumble more and more audibly. The *Chicago Tribune*, in fact, is shrieking at the top of its voice. Even so, *laissez faire* capitalism passed out and state capitalism was substituted for it with less commotion than one might have expected in a country in which *laissez faire* traditions were so firmly entrenched.

THE rise in the stock market has no real basis in the earnings of the companies in the stocks of which Wall Street is speculating. The real cause of the rise is the desire of banks, insurance companies and others to increase the book values of their holdings. They are therefore feverishly selling and buying from each other in the hope of attracting the poor sheep always ready to be shorn, and thus are creating an abnormal demand for securities. There are dangerous possibilities in such a procedure.

THE return of Roy Howard, editor of the liberal Scripps-Howard newspaper chain, from the Orient with a demand for a bigger navy is rather disquieting, coming as it does from one of the most fair-minded of American journalists. He talks about Manchuria being a new Alsace Lorraine. Does he think that a world war would improve the status of such an Alsace? Let him study the European situation. There is no confirmation of his views in European history.

IN a recent issue of the *Financial Chronicle* two interesting editorials appeared on opposite pages. In the one the editor made a pious plea for the golden rule, and declared, "Greed and selfishness have been at the bottom of much of our troubles and

men will certainly have to change their natures if our new laws are to be effectually administered." In the other editorial the golden rule is given a definite Wall street twist. "This is an unfortunate time," it declares, "in which further to unsettle business and surround industrial leaders with doubt and possibly fear which will handicap initiative." Greed and selfishness are evil but they must not be punished lest the fear of punishment handicap initiative. "Business men need not be ruled with an iron hand," the editor continues. "They must have certain zones of freedom—in order that dividends may be paid in order to assure return on invested capital which will encourage investors and make it possible to obtain more capital." Not only the morals but the economics of the editor are confused. Since when have our markets become hungry for "new capital"? We were under the impression that the capitalists could not find sufficient investment opportunities for capital in times like these.

THERE is a rather pathetic aspect to the enthusiasm with which academic communities have hailed the new deal. Professors like to talk about "social control," and now they have what they have been talking about. Ergo, the kingdom of God has come. Some day they will realize that social control may mean many things. Social control which raises prices but not wages will hardly pull us out of our discontent.

THE new industrial codes are pouring in thick and fast—codes for electrical work, textiles, coal, contracting, etc., etc. This introduces a kind of soviet system into American economics. The gains for labor are there; but minimum wages of \$12 and \$13 will hardly increase consumption capacity very much. Nor is there any limit on profits. Of course, the codes are drawn up by the men who run the industries. The real legislative power still rests with the owners of capital.

PRONUNCIO

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Progress of the Industrial Recovery Act

The developments under the National Recovery Act are probably the most significant which have ever occurred in American industry. For a time it seemed as though some of the larger industries, notably steel, would balk and refuse to submit codes because of their fear that the administration would force up wages and permit the workers to unionize. Finally, however, as the result of the plain warning by Donald Richberg and others that if the big industries did not come forward voluntarily the government would be forced to use its mandatory powers, the giant industries are beginning to fall in line. Steel, shipbuilding, lumber, electrical machinery, garments, and a number of other industries have now joined the procession and still others are about to do so. There is every prospect, therefore, that by the end of the summer the main mass of American industry will be under governmental control and that the old days of laissez-faire will be a thing of the past.

The administration has done well to confine its primary attention to raising the basic rates of wages, limiting hours, and seeking the re-employment of more labor. In the cotton industry, while the basic hourly rate of pay for relatively unskilled labor which was fixed—30 cents in the South and 32½ cents an hour in the North—is still low, it is appreciably above what is now being paid in many localities. It is much to be hoped, however, that the minimum hourly rate in other industries will not fall below 40 cents an hour and that in general it will be not less than 42 or 45 cents an hour. It is also imperative that the administration should prevent the steel and other companies from setting up shop committees as a subterfuge to prevent genuine collective bargaining. Under such a plan the committees would in the vast majority of cases be under the thumb of the employers and would have no strength of their own. Only organization in genuine workers' unions can put substance into the collective bargaining features of the codes. Even if not ready to prescribe unionism, the administration should refrain from making company unions the agency for collective bargaining. Clearly the workers have not yet had a chance to decide which form of representation they prefer.

A further danger which confronts the administration is the general claim by industry that prices should be sufficient to cover the "costs of production". Since there are many firms which are extremely inefficient,

to recognize their costs as basic determinants would mean fixing excessive prices to the consumers and granting exorbitant profits to the more efficient producers. Prices should, therefore, be based on the costs of the relatively efficient rather than upon those of the relatively inefficient firms. There is also probably need in many industries of radically scaling down the debt structure which was in many cases too high to support even 1929 levels of production, and which is certainly too high in terms of any volume of output which we are likely to see in the near future.

The primary purpose of the industrial recovery act is to enable all industries to build up purchasing power together and thus collectively to provide a market for what they are collectively producing. This is to be done by increasing wages and restoring employment. An individual industry cannot do this by itself, for such a policy would increase its costs by infinitely more than it would expand the market for its own particular product. But what is impossible for one industry moving by itself is possible for all industries moving together since by simultaneous action they will build up the demand for each others' products and hence for their own. If this, however, is to be done, not only must there be an appreciable increase in basic hourly wage rates but the industries must agree to rehire many more men. Recovery will not come by merely redistributing the existing volume of employment. In addition, the banks must be ready and willing to make increased loans to business to match their increased money outlays. Unless this is done, business will find itself with increased money costs but with no increased monetary purchasing power to take the goods off the market. The banking system will, therefore, have to be geared into coöperation with industry.

It is inevitable, because of the haste with which the Recovery Administration must move and the complexity of its problems, that many mistakes will be made. No one, however, can question the good-will or the energy with which the administration is moving or its general disposition to follow liberal rather than conservative advice. The plan deserves to be sympathetically supported by all liberals at the same time that they seek to improve it along the lines indicated. If it fails to restore recovery or if it comes under the control of reactionaries then liberals will need to take more radical and thorough-going action. In the meantime it needs all the support it can get in the struggle to restore employment and banish the depression.

After Nineteen Years

This anniversary week of the beginning of the most destructive conflagration of all time finds the forces of hatred and fear and greed riding furiously toward still hotter flames of annihilation. The nearer the statesmen of 1914 approached to the holocaust, the more paralyzed they became. And so today our best minds can think of no means of security except national isolation and armed preparedness. Secretary Swanson comes out with a demand for a bigger navy, and President Roosevelt gives his consent to a 238-million-dollar building program. Mr. Roy Howard, head of the powerful Scripps-Howard syndicate of newspapers, returns from a Far Eastern tour with a fervent appeal for heavier armaments.

The black clouds on the international horizon are hovering so low that it is easy to become panic-stricken and conclude that the storm will break about our heads at any moment. More sober reflection, however, will make it clear that there is little probability that the United States will become involved in war within the immediate future. The danger is real but it is a decade or longer removed. Everything depends upon what is done in the meantime. That is the reason why we regard Secretary Swanson's statement of naval policy as so ominous. It is not merely that he sounds the ancient cry of a navy second to none and calls for the wasteful expenditure of millions which are sorely needed in so many other directions, but especially because of the frankness with which is set forth the purposes for which the navy is being maintained: "Naval policy . . . is based on and is designed to support national policies and national interests. . . . To support American interests, especially the development of American foreign commerce and the merchant marine."

For the Secretary of the Navy of the nation which carried through the negotiation and ratification of the Kellogg-Briand treaty, in which the signatories solemnly "renounce war as an instrument of national policy" and agree never to seek the settlement of any dispute of whatever origin or nature except by pacific means, to urge the expenditure of 238 million dollars in order that national policies and interests may be supported by armed action, is enough to cause a patriotic citizen to hang his head in shame.

This is no time for pacifists to lose their nerve and abandon the struggle. On the contrary, never has the validity of their position been so unshakeable. A frantic race of armaments can only lead to disaster. The fact that so many other nations are busily pouring oil on the flames does not constitute a reason why we should act in the same crazy manner. To say, as does Roy Howard, that "anti-war plans and disarmament proposals will receive a hearing only when advanced by nations which have demonstrated their ability and their willingness to arm" is to ignore the tragic history of Europe in the years before the World War.

To the churches especially these are challenging days. The least that religious people can do is to devote themselves resolutely to the task of disentangling church and synagogue from the war system, and to say individually and corporately that they will never engage in or support any war whatsoever. Upon this foundation of war-resistance, seek to transform the capitalist system into a socialist commonwealth. This is the challenge that comes to us nineteen years after the hideous and useless slaughter of 1914.

The Failure at London

The World Economic Conference was bound to fail. Not a single nation came to it with a well defined plan. The English government studiously avoided working out a plan and poor Ramsay MacDonald thought that pious sentiment about world coöperation might serve as a substitute for a thought-out program. France was interested only in maintaining gold parity; Germany in declaring a moratorium upon her debts. The United States originally had something of a plan, but Roosevelt's inability to secure the right to bargain with tariffs and debts spoiled it; and the sudden rise in prices here added currency stabilization to tariffs and debts as *tabu* subjects. With these three subjects ruled out there was nothing for the conference to discuss.

Of course the conference will not adjourn *sine die*. Such conferences never do. It will be convened again and it may perhaps arrive at some program of currency stabilization later on. It will not do anything significant on any other problem. The reason is simple. The advanced industrial nations cannot really arrive at international agreements about tariffs if they are not willing to reorganize their social systems at home. This reorganization is a prerequisite to real international understanding because nations must distribute the products of their productive enterprise more equitably if they are to avoid the necessity of dumping their excess products across their national boundaries. The present system requires that they be unreciprocal in their international relations and try to export more goods than they import. Thus each nation trying to save its own social system makes the saving of the total social system of capitalism the more impossible. Catastrophists must find considerable satisfaction in the turn of events at the conference.

The inclination of the other nations, particularly France, to blame the failure of the conference upon America is natural enough but nevertheless pathetic. The American delegation handled itself badly, it is true; and the glaring difference between the pious internationalism of Secretary Hull and the new nationalistic enthusiasm of the president was a little too apparent. But there was no essential difference between ourselves and other nations. All the nations revealed this conflict between their protestations and their actual program.

It is rather instructive to watch the nations of the world speaking so clearly about what ought to be done to save our economic system and failing so miserably to do what they know ought to be done. What prevents them from following their own counsels? The answer is simple. The special interests of those who do not want to lose the privileges they hold under capitalism are the force which prevents the nations from dealing adequately with their problems.

The German Conflict

The most interesting aspect of the German situation at the present moment is that the contradictions within national socialism itself are becoming daily more apparent. The degree of radicalism within the ranks of the Hitlerites is much greater than was at first revealed to the outside world. Hitler took money from the big industrialists on his promise to prevent a radical revolution. He used this money to build up an army of the unemployed, promising them real socialism. The result is that all of the members of his party who have gained security in government positions are crying, "We have had a revolution. Don't discredit it by your continued agitation," while the hungry masses are asking, "When are you going to give us a real revolution?"

That Hitler is really growing anxious about this pressure from the bottom in his ranks may be seen in two of his recent statements. In one he insisted that henceforth all the progress of Germany would be in evolutionary rather than revolutionary terms, and that business must now be left alone so that it could prosper and employ the unemployed. Since nothing has been done to raise the consumption standards of the masses this is a vain hope. In the other statement he promised to be as ruthless with his followers who continued to disturb the established order as he had been with his foes. "Hitler give us bread or we'll go red," chanted a division of storm troops recently as they marched through the streets—an ominous sign.

Nothing of course will disturb the government for the moment. It is too securely in the saddle for that. While it has more popular support than the Kerensky régime of Russia ever had, there are nevertheless interesting parallels between Hitler and Kerensky. In both cases the right and the left were balanced against each other in an effort to maintain a political equilibrium. The effort must fail in the end. Hitler cannot continue to promise the industrialist the continuance of capitalism and the hungry storm troopers the destruction of capitalism.

The new outrages against the Jews and the further restrictions upon them in the commercial world must be understood as a desperate effort to satisfy the hungry and unsatisfied portion of Hitler's followers. Something must be done to quiet them. What is easier than to dismiss still more Jews and let Hitlerites fill the vacancies?

Militarism Rules Maryland

On June 21, the Court of Appeals at Annapolis, Maryland, reversed the previous judgment of Judge Ulman in the lower court, which had vindicated the right of Ennis Coale to attend the University without taking military training. We hesitate to express our complete reaction to this new decision lest the casual reader accuse us of wilful bias. Nevertheless, basing our opinion on the facts, we are compelled to say that the Court of Appeals has not only rendered a decision which we deplore, but that in so doing it has stigmatized itself as devoid of fairness and guilty of the rankest militarism. If the proximity of the Court to the robust atmosphere of the Naval Academy is not to be blamed, then it can only be concluded that this court went out of its way to serve the cause of war and reaction.

Associate Judge John Pattison, in writing the opinion for a unanimous panel of eight jurists, declared:

It may have been that Coale was to some extent opposed to war and participation in war. But upon the facts stated it is certainly not shown that his refusal to take military training was alone due to such opposition. The question arises, was he not much less influenced by conscientious religious scruples than by a disposition to join the society mentioned [the Committee on Militarism in Education] to defeat the Government in an attempt to be ready for war if forced upon the country, by providing military training in some or all of the Federal-aided educational institutions?

The court, we think, would be going very far should it encourage this or like societies, or persons with similar views, in their interference with the constituted authorities in the management and control of colleges and universities when acting upon authority duly and lawfully conferred upon them. Or to give encouragement to such societies or persons to interfere with the Government in all lawful efforts to keep the country in a state of preparedness for war so long as the nations of the world continue to settle their disputes by means of war.

There are not a few amazing things about this opinion. First of all, perhaps, is the fact that it clearly seeks to imply a degree of insincerity on the part of Ennis Coale—to those who know him, an astounding insinuation. Not even President Pearson of Maryland University has ever publicly expressed any doubt of Coale's integrity and the depth of his religious convictions. It appears that if this court decision is to prevail and establish a precedent, a conscientious objector must hereafter prove that he is not a member of any movement or organization, but has received his ideas by a species of divine effluvium. It should be noted, too, that the Committee on Militarism is not a body of individual members as most organizations are; nor is it a body exclusively composed of pacifists.

Instead of basing its verdict upon the facts of the case alone, the Court of Appeals went far afield and administered a rebuke to all pacifists, both individuals and organizations. Its opinion is redolent of fine

phrases that smack of conventional jingoism; only lacking to give it the ultimate finesse is "my country right or wrong". Even in time of war, and in time of peace in conscript countries, those who have condemned war resisters have done so in far more moderate language than that used by this coterie of judicial superpatriots.

But certain other aspects of the decision lay it wide open to the suspicion that it was animated by blind emotion and completely contravenes essential facts. It contends that Coale's case cannot be supported on grounds of discrimination against him by the university. On this point, the trial record itself is convincing. President Pearson last summer wrote to Coale's minister, and said: "It has been the policy for a long time to excuse only those who are physically unable to do this work or who belong to a religious organization which is definitely opposed to instruction of this kind." The Board of Regents, in refusing to reinstate Coale, declared: "The University has made occasional exemptions in the past which it believed did not undermine the discipline of the university, and this policy will be continued." On the witness stand, Dr. Pearson testified several times that such a policy of exemption had been, and still was, in force. The University's catalog reads as follows:

Students excused from basic military training or physical education without academic credit shall be required to take an equivalent number of credits in other subjects, so that the total credits required for a degree in any college shall not be less than 127 hours. The substitution must be approved by the Dean of the college concerned. . . .

President Pearson testified that this paragraph applied "mostly to the students who are not physically fit," but also that "it would apply to anyone excused for any other reason, such as religious beliefs, or any other reason." Yet the court states that the policy of excusing students from military training on religious grounds has not been followed for a long time and "no longer exists"!

Up to the present time the public-spirited attorneys, Messrs. Skeen and Oppenheimer, who handled Coale's case with ability and spirit, have not announced whether or not they intend to take the case to the Supreme Court. We hope they will. This is an issue that will not down; and it will have to be brought before the courts of the land again and again, until, at last, the elementary rights of free conscience are officially extended to the war resister. With the war resistance movement forging ahead by leaps and bounds, reaching the point where several European governments are compelled to notice it as a menace to militaristic thought and action, the United States should be tested on the official sincerity behind such trite phraseology as that of Judge Pattison, when he says, "A great majority of the people of this country are opposed to war. . . ." The Judge adds, "But . . ."

There are increasing thousands who have wiped that "but" out of their peace vocabulary; and ultimately they will have to be recognized.

Russia Wins

Amid the fiasco of the World Economic Conference and the chorus of press condemnation heaped upon it universally throughout the world, the Union of Socialist Soviet Republics alone accomplished anything of value either for itself or the rest of the world. On top of several bitter pills which the Soviets have had to swallow—for example, the obvious failure in railway transportation, the fall of trade from 500 million dollars in imports and 410 millions in exports in 1930 to 350 millions in imports and 220 millions in exports during 1932—it must have been just cause for gratification that Maxim Litvinoff left the conference with not one, but many, neat achievements tucked away in his portmanteau.

Of most interest to Americans, possibly, is the arrangement for a Reconstruction Finance Corporation loan of three to four millions to our exporters to finance the purchase of 60,000 to 80,000 bales of cotton in the open market, the credit to run for one year at five per cent interest, and the loan to be secured by notes of the Amtorg Trading Corporation and guaranteed by the U.S.S.R.'s State Bank. There can be no doubt that this act is correctly regarded as a forerunner to a definite recognition.

But far more than this was accomplished by the energetic Litvinoff. The quarrel with Great Britain was patched up, turning a trade war into a friendly commercial agreement by releasing the two remaining employees of Metropolitan-Vickers as the price for British removal of the trade embargo. The press comments notwithstanding, there is more than magical diplomacy behind the steadily growing prestige of Russia in Turkey, Persia and the East; for the non-imperialistic policy pursued since the Russian revolution has at last begun to convince surrounding nations that the Russian program is, even if for entirely practical reasons, genuinely pacific. Consequently, Russia has emerged from the London debacle with nine new non-aggression pacts with other nations, embracing the most important powers of Western Europe as well as markedly penetrating eastward. Fears of war between the Soviet Union and the French bloc have definitely been allayed, and similarly throughout the Near East friendly sentiment for Russia has approached a pacific climax.

Germany, to Russia no less than to every other land, remains an unsolved problem. We cannot, here, entirely rejoice in that save-Russia doctrine which impels the Soviet leaders to urge communists and others abroad to withhold an anti-Hitler boycott merely because of the trade relations that Stalin, in cynical disregard of German Marxists, has effected with Hitler minions.

Switzerland Dishonored

Incredible though it seems, the Swiss government has brought upon itself the condemnation of thoughtful people everywhere by its high-handed order expelling from Swiss soil Mme. Camille Drevet, secretary of the Women's International League for Peace and Freedom. The charge against this brilliant exponent of international good-will is the two-fold one of "revolutionary" activities and "anti-militarism". That Mme. Drevet will plead guilty to the latter charge cannot be doubted; she would lag behind no other person in the world in her forthright opposition to war and violence. As for the insinuation of revolutionary interests, it is based solely on the fact that when the Swiss authorities saved their faces for the massacre of innocent non-violent demonstrators at Geneva several months ago by imprisoning Léon Nicole, Socialist leader, the office of which Mme. Drevet was in charge gallantly told the truth and, alas, the whole truth. It was, for those who have traditionally looked upon Switzerland as a land of freedom and asylum, a bitter revelation; it was, for the Swiss semi-fascist regime, a truth they far preferred to leave buried in an obscure cell with Léon Nicole. The ascendancy of Hitler in Germany has only given fresh impetus to a rigid reaction in Switzerland, evidences of which were discernible, however, long before last March. We earnestly hope that even now the Swiss people will manifest their natural love of liberty and show their resentment at this official stupidity. To encourage those within Switzerland who will do so to serve a warning on the government, and to indicate the warm regard in which people of civilized minds throughout the world hold the Women's International League, we hope as many of our readers as can will send a frank letter to the Swiss minister at Washington without delay.

Great Women Leave the Stage

Although creating hardly a ripple in the press comment of this country, the last few weeks have witnessed the passing of several women whose work was colorful, devoted, and not without effect. Most conspicuous to Americans, perhaps, was the death of Rose Pastor Stokes, whose adherence to communism in her later years could not extinguish for a great many upper-class people the romantic career of this former cigar-roller who wedded the wealthy Prince Charming, J. G. Phelps Stokes, who himself went Right and quit the Socialist movement during the war, as his wife went to the Left. But Clara Zetkin, too, is dead; that fire-brand whose zest and eternal youth as she stood before the Reichstag and told the Nazis what she thought of them were perhaps the only things we have yet heard of that ever moved a devotee of Hitler. We could not share the faith of these women in the methodology of communism; but we could respect them, and we deeply regret their loss.

Others have left us, too, others whose lives by their bright passion for humanity revealed the essential cowardice of a civilization that cringes from an uncharted future and relies on outworn formulas for security. One was Toni Pfuef, the famous German Socialist who, broken-hearted no more over the triumph of Hitlerism than over the compromising tactics of Socialist leaders whom she still revered as friends, took her own life on the eighth of June. Another was Kaethe Leu, who was a pioneer suffrage worker in Germany, and who, although her husband and two sons supported war credits and went to the front, stoutly upheld an uncompromising pacifist position in wartime, finally splitting off from her husband and becoming an ardent and effective organizer for the Independent Socialist Party, where she labored for bona fide socialism and unflinching war resistance. Along with the numerous persons of sensitive soul and of varying political views who have taken their own lives since the demoniacal Brown Shirts came to power must be placed two sisters of Gertrud Hanna, famous trade union leader, who, when she flatly refused to leave the Social-Democratic party, was dismissed and left to starve by the Nazis. The two sisters who, also, were labor leaders, planned to asphyxiate themselves but were struck down by a premature explosion, one dying instantly and the other suffering terrible wounds.

Most of these victims of fate and of fascism were well along in years; for them it was too much to bear up physically or spiritually under the blight of the plague which has been sweeping over Europe, as deadly as that more celebrated Black Death which exercised its sway centuries ago. Their work was not in vain; and no better proof of this could be cited than the flourishing groups of valiant women Socialists who keep up the sacrificial struggle in European countries and in the United States.

Cash On Hand: 303 Millions

The illimitable productivity of modern industry and the immense power which consequently flows into the hands of owners is brilliantly illustrated by the balance sheet for 1932 of the Ford Motor Company. Plenty of red ink is required to tell the story of the year under review. The net loss of 75 million dollars for the twelve months would have completely wrecked many a giant business. But even after a previous loss of 54 millions in 1931, the Ford assets are still dazzling. At the end of the year, the actual cash on hand exceeded 303 millions by 650 thousand dollars. Real estate owned was valued at 157 millions, machinery and merchandise at 167 millions, and total assets exceeded 634 millions. The undivided surplus was above 580 million dollars. And all this is owned by three persons, Henry Ford, wife, and son. Thirty years ago, when the company was formed, Ford's holdings approximated \$25,500, and his salary was fixed at \$3,000

per year, \$500 more than was received by his colleague James Couzens, now multi-millionaire United States Senator from Michigan.

Capitalistic production is accompanied by cruel exploitation and sordid injustice, but technological improvements have so enormously increased its output that it is able to dole out just enough rewards to the workers to deaden the revolutionary spirit. Capitalism will not succumb until it has been dealt a far more cataclysmic shock than it has received even during these terrible days.

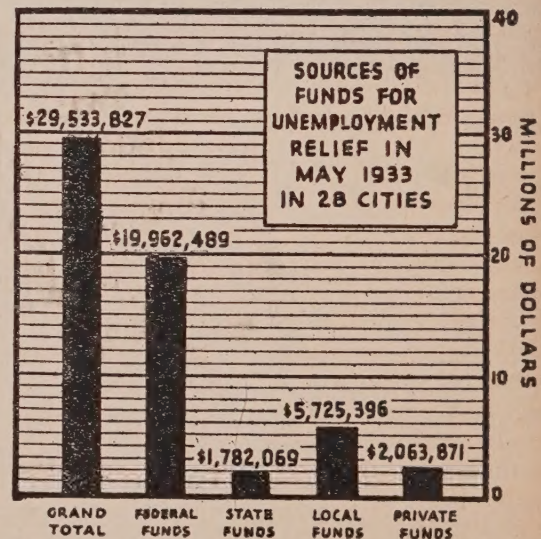
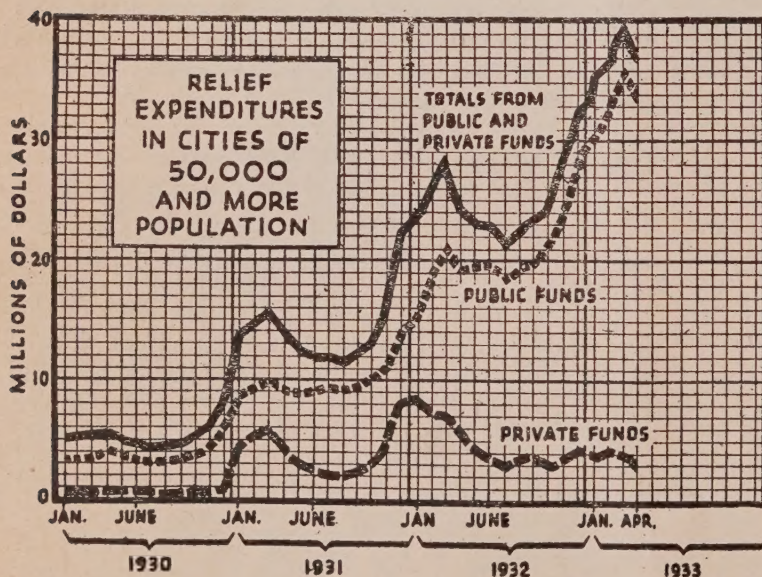
The Worst Kind of Dole

Dole-itis is the word frequently used by Americans to describe a terrible disease which is scourging England, Germany and certain other countries. Shivers have been sent up and down the spines of many a Pennsylvania or California audience by lurid pictures of the fate of this country if we should ever be stupid enough to adopt the European system of unemployment insurance. With all the power of his high office, Mr. Hoover for months fought the enactment of a law to make available Federal funds for direct relief of the unemployed, while uttering solemn warnings that the American system was in grave danger of being undermined. And even to this hour no adequate consideration is being given to the question of establishing a nation-wide system of social insurance.

The result is that the victims of unemployment in this country are now being subjected to the most hu-

miliating and demoralizing form of the dole. Outright public charity is far more debasing than the payment of unemployment benefits. Both schemes are objectionable, but one or the other is unavoidable when the productive and distributive system breaks down as completely as has been the case during recent years. And there is every reason to anticipate the continuance of unemployment on a tragic scale for many years to come.

That private philanthropy has failed utterly is revealed by the accompanying chart. The Emergency Relief Administration cites evidence that during the past two years more than three-fourths of the money expended for relief of the unemployed by various agencies has come from public funds. And in May 72 per cent of all public funds for unemployment relief in 28 metropolitan cities, the centers of American wealth and luxury, was provided by the Federal government. During 1932 the total amount expended for relief in 120 cities was 313 million dollars. Not until 1890, with the exception of the Civil War years, did the total annual expenditures of the United States Government for all purposes reach a level as high as this 313 millions. As long as a huge volume of unemployed prevails, enormous sums of money will have to be expended by the government. The only question is whether Federal aid shall be handed out as public charity or used as part of a vast reserve fund for the payment of unemployment benefits. The American disease of dole-itis is far more loathsome than the various European maladies.



The course of relief expenditures in 108 cities since January, 1930, and the change in the proportionate amount of funds contributed by private relief sources is shown in the chart at the left, prepared from data of the Children's Bureau. The chart at the right, based on data from the Emergency Relief Administration, shows the comparatively small proportion of funds contributed for relief in 28 cities in May, including New York and Chicago, as compared with Federal contributions.

—Reprinted from the United States News.

The Middle Class and Revolution

H. N. BRAILSFORD

A QUESTION forms itself in my mind as I watch this planet staggering under the slump, and in the spirit of a puzzled enquirer I propose to state it. There are, according to ten statisticians of Geneva, thirty million unemployed workers in the chief industrial countries. Why amid all this misery, after nearly four years, is there nowhere a sign of a workers' revolutionary movement, or even of an active, aggressive constitutional advance under socialist leadership? There is, the reader may remind me, a spirited communist struggle going on in China; but it is a peasant rising. There were certain obscure events in Chile. There is a syndicalist-anarchist eruption in Spain, but that is a chronic phenomenon. In the leading industrial countries not a sign emerges, and that, as everyone knows, is a tragic understatement. Political eclipse confronts us in England, physical ruin and moral collapse in Germany. Yet if the Marxist conception of history be sound, somewhere surely on the surface of this stricken planet the increasing misery of the workers should have produced, if not an actual revolution, at least some forward movement, some aggressive stirring, some sign of the will to struggle, albeit peacefully and under democratic forms. That is nowhere our case. At best one notices a certain grim tenacity, a clinging to the gains already won.

There is, however, an aggressive class which has made in one great industrial country its revolutionary stroke. The German Nazis are emphatically the party of the small middle class. There were, my German friends tell me, perhaps thirty per cent of manual workers in the Brown Army. They were mainly young boys, who had never known regular work or even come under the discipline of the Labor Unions. Penniless and nearly starving, they were won by the Nazi soup kitchens and the smart uniforms. They had no share in the leadership, and are now being eliminated from the armed militia. Its main body consisted of clerks, shop assistants, students, small shopkeepers, young men from the professions and latterly, in growing numbers, peasants. Nazi policy reflects in the crudest and most legible way the mind of these people—their fears, their hates, their limited ambitions. They were jealous of the aptitude of Jews in the professions and in retail trade. They felt the competition of women, especially as clerical workers. They envied the Socialists and liberals who held official posts under the Republic or in municipal service. They dislike big business, big stores, big landed estates and mechanisation. In town and country alike the counter-revolution favors this timid, reactionary habit of thought. It

promises in its public works to make the minimum use of machinery. It persecutes the big stores. It is driving women back to the home. It undertakes to favor the small peasant by tariffs and otherwise in its agricultural policy. Its philistinism towards science, art and literature, its militant Protestantism, its sexual repressions (for it has officially restored the stork as the origin of life in elementary schools) are all in the spirit of this class.

This class rose and captured the machinery of the state, because it was "miserable" and desperate. It shrank in terror from the menace of large-scale commerce. It had lost its savings in the period of inflation. It was tired of being taxed for social services which benefited the manual worker—though clerks had their fair share. It was jealous of the power of the Labor Unions. It could be rushed into a panic fear of proletarian revolution—though that was a spectre of its imagination. Finally, since all this must be draped in idealistic language, it saw its own wretchedness and apprehension under the vivid colour of its patriotic emotions.

MISERY, then, or fear, or more properly perhaps the sense of falling fortunes was certainly the motive force of this revolutionary upheaval. But why did this state of mind work in this way within the small middle class, but not among the masses of the workers? They too were "miserable"; they were the victims of unemployment on an unexampled scale, mitigated only by a niggardly and dwindling "dole"; wages were subject to slashing and repeated cuts. One may give several reasons for the inertia of the workers. The main body, the Social Democrats, were on the defensive, for they held office, even after Von Papen and Von Schleicher came on the scene, in Prussia, in several States and in many cities. On the other main reason for this passivity, the feud between the seven million Socialists and the five million Communists, one need not dwell.

Two further differences there were which may supply the true explanation of middle-class activity and proletarian passivity. The Nazi movement was financed through the greater part of its career by certain of the millionaires of heavy industry. That fact, long suspected, was revealed when Herr Strasser seceded. Without this aid, lavishly given, Hitler could never have developed his crude but ingenious and very costly methods of propaganda. The pageants, the uniforms, the soup-kitchens and the airplanes cost money, and the newspapers required capital.

THIS fact sets the entire movement in a wholly different perspective. It drew its psychology, its voting strength and its fighting formation from the small middle class, but its paymaster was the dominant industrial section of big business. How far the interests of these two can be reconciled remains to be seen. The chimney-stack barons may sacrifice the Jews, the women, and the big retail stores in return for the destruction of the Labor Unions and the political power of the organised workers. But there will be limits to the reaction in the field of technology. Hitler will not, I think, put back the clock in the great concentrated machine-industries. I do not think that the small middle class will be duped. It will get much of what it wants. But none the less the massive framework of modern large-scale capitalism will survive and may for a time be strengthened.

In the second place, while misery and despair played their part in this revolutionary movement, was not the little middle-class man concerned rather with his status than his income? He wished to remain an independent craftsman or trader, to be a "master" though on a very small scale, to stand somewhere above the mass of workers and employees. It was, I think, this apprehensive pride which made him such a savage combatant.

We shall go astray in our attempts to interpret history and to read the present and the future, if we neglect this factor of status. It was not misery that made the middle class revolutionary in its struggle against the royal and feudal power in England and France. Assuredly it had economic grievances, more especially in France. But in England from the Civil War down to the First Reform Bill, it was on the whole status that predominated. The dignity, the political rights of the new manufacturing class no longer corresponded to the real power it possessed. It was the new master class, the shaper of society, the lord of millions of wage-earners, the source (as it believed) of enterprise and wealth, the creator of the future. The intention and effect of the classical bourgeois revolutions were to bring political power into harmony with economic power.

In the thinking of some socialists there is often a perceptible contradiction between this factor of status and the motive of escape from increasing misery. In idealistic moments we try to argue that labor is the sole source of wealth: we see it as the shaper and creator; we think in short, of status. And yet we often assume that it will assert itself in the effort to escape from servitude and crushing poverty.

In fact, it does not at such times assert itself at all. It tends to be cautious, stands on the defensive, retreats, not always in close order. Notoriously it is self-conscious, militant, aggressive when it feels itself in demand. Then it can believe that it and not the machine or the capitalist is the source of wealth and the predestined creator of a new society.

If that is so, then must we not conclude that some factor more important and permanent than the slump (however grave and prolonged) accounts for the present inertia of the workers? The progress of automatic machinery has sapped their pride. They are less obviously indispensable to society: their skill counts, as the years and decades go by, for steadily less; there weighs on them the nightmare of a future in which industry will call only for a few unskilled hands to tend machines that run virtually without human agency. Less and less does their real power authorise a demand for greater political power, let alone a monopoly of political power. They have numbers and misery. But did these factors ever suffice to make a revolution?

They might conceivably lead to a reactionary movement against machinery, a despairing effort to restore a vanishing status like that of the German small middle class. It is too late for that; every modern working class is too intelligent to be led in this direction.

WHAT conclusions shall we draw? Firstly and chiefly, that it is a delusion to rely on "increasing misery" as a factor which can of itself make any forward, assertive movement, whether on revolutionary or on constitutional lines. Secondly, that we must stress status as few of us are doing today. The central dynamic motive towards change must be a cry from the whole mass of mankind for an ordered society in which all of us will recover dignity, security and scope for creation. Finally, the course of this reasoning should lead us to a fresh and determined effort to enlist for socialism the technicians, the organisers and the scientists. They, above all, are the creative force in our society, the part of it whose status fails to correspond to the reality of their power. Reaction is the natural response to fear and the defensive instinct. Revolution springs from creative optimism.

Sackcloth and Ashes

YEA, being black in this Caucasian land
Is verily at times like being in Hell,
Where the forsaken of Jehovah dwell
In rue, and swear at fate with frenzied hand;
But if, Christ Jesus Lord, Thou still art God
With Whom a thousand years are but a day,
Like Job, I may endure the long delay
And make allowance for the Scourging Rod.

Though robbed of Earth, I own The Northern
Crown,
The sun, the moon, and all the spangled sky,
Jointly with red men, yellow, white and brown.
And, sharing in that high resplendence, I
Swear that no circumstance may bear me down
Till I, despairing, curse the Cross and die!

JONATHAN HENDERSON BROOKS

Pittsburgh Methodists Turn Left

F. THEODORE MINER

FOLLOWING close upon the heels of the example set by the New York East Conference, as reported by Charles C. Webber in *THE WORLD TOMORROW* for July, the Pittsburgh Conference of the Methodist Episcopal Church went on record for drastic and fundamental changes in our economic order. The day following the adoption of its Social Service Commission's report, Pittsburgh newspapers announced in glaring heads: "Capitalism Flayed By Methodists," and "Socialistic Policy Given Approval By Conference." One paper went on to say:

Pittsburgh Methodism was dedicated to a policy more socialistic than it has ever supported. . . . Condemning capitalism as "unchristian, unethical and anti-social," the report declared that "the only alternative to the present system is one in which social ownership and control is gradually and widely inaugurated and developed, so that the fruits of our modern industrialism may be made available to all the people on terms that they can meet."

The root cause of most of our social ills is discovered by these Methodists "to be in the type of economic organization that prevails in the world to-day. Basic to this system of capitalistic economy is the philosophy of individualism, the motive of private profit and the economics of private ownership of the means of production and the lines of distribution." It is a system that "sets a limit to our personal consistency, raises barriers of race, religion and class, and makes the exploitation of workers an acceptable practice." Relief of the unemployed and needy is condemned as totally inadequate, as society thus attempts to pay "its just debt to the victims of a planless economic order as a gift grudgingly given." The report demands the enactment of social legislation that will put the cost upon those best able to bear it.

Other recommendations that aroused considerable debate dealt with the war issue and "the socialization of all medical and surgical services," the latter introduced by the Rev. Fred W. McConnell. Speeches pro and con alike recognized the plight of millions of Americans who are unable to obtain proper medical and surgical care at the rising cost of such services, but little was said about the hard-working physician (independent) in the small industrial and rural communities who is often compelled to render such service gratuitously, or far below actual expenditures including medicines and bandages. The vote on this recommendation was close, but a majority favored its inclusion in the report, which also called for the socialization of "such other hygienic measures as shall tend to keep all members of society at the highest level of

human efficiency." The statement on war deserves to be quoted in full:

We recommend the acceptance of the absolute pacifism of Jesus as the only adequate measure of our loyalty to world peace, and that the Church and its Ministry use their influence to further national disarmament even in advance of world disarmament. And in advance of world disarmament to deny the right of any private citizen or concern to make, sell, or distribute munitions of war, including destructive chemical gases and biological cultures and germs.

The report urges ministers in various industrial communities "where there are strikes or other industrial conflicts" to inform themselves of the "nature of the conflicts and the human implications" and "to lend an intelligent and sympathetic coöperation in every possible way, giving use of our churches where the right of public assemblage is denied." The tendency in the present crisis to exploit children and women is condemned because "it makes impossible the efforts of honest employers to protect themselves against such unfair competition" and of states "to safeguard children and protect business interests against the competition of states which allow children to be exploited."

MINISTERS of the conference are urged to "attend and inform themselves . . . as to causes of all evictions from homes, farms, or other drastic measures enforcing the rights of property above personal values." Where such evictions are preceded by vicious attempts to cause embarrassment and inconvenience and even actual physical harm to tenants and their children by "shutting off light, gas and water supply" measures are to be taken which "will correct such abuses."

Reading excerpts of such reports, and noting the drastic indictment of capitalism that is made and the nature of the proposals ministers are asked to accept and act upon, one may be tempted to the hasty conclusion that this most conservative of our institutions, with so large a stake in the economic status quo, is getting radical. Perhaps, as one minister said to an influential layman who charged that the Methodist Church was growing socialistic, "it is only getting to be more Christian." Certainly this Pittsburgh group of preachers are convinced that "it is futile for the Church to talk about an abundant life, without insuring the means of securing it; about international peace, without recognizing the relationship of war and capitalism; about brotherhood, without seeking an economy in which equity and justice are guaranteed to all."

Who is Responsible for Health?

GEORGE A. COE

IN a private-profit economy, nobody is responsible for health—neither the state, nor industry, nor the medical profession. The prevailing theory is that individuals are responsible for their own health and that of their families, but the progress of the depression is proving that this theory conceals a savage mockery. Even "prosperity" saw the free public clinics and hospitals under enormous pressure; today sick people who seek relief at these places are being turned away by hundreds. Moreover, internes are obliged continually to sign what amounts to a death warrant for patients who, after long hesitation to accept public charity, apply for it only to find that they have waited too long. In some instances hospital appropriations have been cut (at this, of all times!); there is not always a sufficiency of ordinary medical and surgical supplies. The private hospitals face a partly parallel situation. Even persons who are self-dependent, instead of seeking prompt hospitalization as they used to do, now wait until they realize that death may be threatening them. Consequently the private wards in hitherto crowded hospitals are largely empty. A by-product of this is that internes are not obtaining the experience that they require, and that student nurses are deprived of the training that medical standards now impose. Hospitals that have had unquestioned standing as schools for nurses are in danger of losing official recognition. In fact, there are gaps and displacements everywhere in our health-service. Visits to the dentist are held off until tooth-decay comes close to the nerve. Though physicians and dentists keep on treating patients who come to them, professional practice is much reduced, fees are largely uncollected and uncollectible, and the rents of medical and dental offices are far in arrears.

What here confronts us is not a failure of medical science but a disease of the social order. It cannot be diagnosed by any sympathy that we have for the sick and the dying, on the one hand, or for thwarted doctors, dentists, internes, and student nurses on the other. The country's resources in the way of medical science, medical schools, trained practitioners, nurses, and administrators of hospitals and of public health are now sufficient, if they were properly organized, to put us in sight of health-care for the whole population. But even in happier days we were not approaching such a vision, and now we are rapidly receding from it. This cannot be accounted for by alleging the inadequacy of philanthropic gifts and of public appropriations. No matter how liberally the health-forces be supported, the present internal condition of these forces themselves is bound to leave our health-problem

unsolved alike in prosperity and in adversity. In literal truth, no one whosoever plans or administers health-care for the whole people. Physicians care for those who pay a fee; the state cares for the desperately destitute; between the destitute and those able to pay medical and hospital costs stands a great portion of the populace that is only scantily provided for, or not at all, even in prosperous times. When a depression occurs a downward pressure develops from top to bottom. Some of the hitherto self-sufficient are squeezed into the dubious class, and many of the dubious class become destitute and theoretically entitled to public care. But the state is unprepared for this additional load, and nobody even pretends to accept responsibility for those who are above destitution yet below self-sufficiency. Private hospitals have a peculiar relation to this situation. At the precise moment when the clinical resources of the state are overloaded, the beds in private institutions become empty, and staffs are forced into partial idleness. In short, medical science itself is suffering from unemployment. It is begging for opportunity to help, but doors are closed.

WHAT is at the bottom of this absurdity? An economic system that puts private gain first and the welfare of the consumer last. Between the citizen who needs health-service and the science that could render it there is a toll-gate through which every would-be helper must pass. The physician requires a fee; we have provided no other way to keep him and his family alive. The pharmacist requires a profit—he is not in the drug business for his own health or for anybody's. The contractor who builds a hospital and the dealers who provide the supplies that are used for the sick therein are not concerned to put medical care within the reach of those who need it. The taxpayer, in turn, has no place in his ledger for a public-health account—this, in our profit-making order, would be absurd. The unsophisticated populace, unprovided for by science, turns to quackery and patent medicines, for which it spends more money than it pays in physicians' fees. Thus, at every turn health-interests are subordinated. They are subordinated, not by direct intention, but by the inevitable workings of a system that keeps attention and effort upon values other than those of life and health.

A health-first system cannot be created by physicians alone. As long as they have no security for the sustenance of themselves and their families, what can they do but grasp for fees? Nor can we secure a health-system by means of private philanthropy; at its best

it is only a palliative for the health-evils that are created in considerable part by the very conditions that make great private endowments possible. Even the state itself cannot devise a comprehensive health-system as long as the resources available for state use are only the leavings of a wasteful competitive order that produces both enormous wealth and widespread human

deficits. There will be no general application of medical science to the health-problem of the United States—no solution for the problem of the now under-employed physician nor for that of his should-be patients—until we re-order our whole economic system in the interests of the ultimate consumer instead of the profit-taker.

Nationalism, Socialism and Christianity

H. RICHARD NIEBUHR

AMONG the major reasons for the frequent failures of Christian churches and socialist parties in their social conflicts is their over-simplified analysis of the strategic situation. The orthodox interpretations of life as a battle between religion and secularism, idealism and materialism, or the equally orthodox view of it as wholly determined by the class struggle both leave out of account the fact that there are social forces which are probably quite as important as religious or class loyalties and which may become allies or foes in the religious or class struggle. The effort to reduce the interpretation of the social process to economic terms is like the effort to define the organic process in terms of digestion only. The attempt of religious idealists to understand political and economic conflicts in terms of ideals is like the attempt to analyze the psychophysical organism in purely psychical terms. No one doubts the importance of diet and digestion nor the importance of right mental adjustments, but a medical art which takes only one or the other of these factors into consideration is likely to be not only fanatical but also highly dangerous to many a patient to whose condition this particular analysis does not apply. If no sane physician will ignore these factors, neither will he attach exclusive importance to them in his diagnosis and treatment.

In their attitude toward nationalism both socialists and Christians show the limitations of their understanding, and in their frequent defeats by capitalistic nationalism on the one hand and by secularistic nationalism on the other they demonstrate the evil effects of their bad theory. Orthodox socialism explains nationalism as a middle class movement in which that class hides its economic interests behind the cloak of patriotism. Idealistic Christians are likely to say nationalism is an idolatry in which the nation takes the place of a universal God. Both statements are probably right within limits. But in both of them there is not only analysis but also moralistic judgment and where this moralism begins analysis stops. There is a neg-

lected factor here, something the socialist and the Christian cannot understand in the terms of their orthodox theory, hence they ascribe it to moral perversity, to hypocrisy, or to self-interest. When the socialist and the Christian face each other in opposition they simplify each other in the same way and ascribe what does not fit into the simple scheme to ethical perversity. The socialist becomes for the Christian an industrial worker who hides the interests of his particular group, in conflict with middle class and agriculturists, behind the ideals of a classless and international world, while the Christian appears to the socialist to be a capitalist who practices religious hypocrisy for the sake of retaining power. Their conflicts with each other, their defeats and qualified victories, are the outcome of such half-correct analyses, filled out by the addition of moral judgments.

WHEN patriotism is accepted as a social force which simply exists and which in and of itself is neither good nor bad, neither necessarily socialistic nor capitalistic, neither Christian nor un-Christian, but an actual factor which must be reckoned with, the strategies of socialists and Christians may become more enlightened. Loyalty to family, kin, the native soil is simply present in human life. Some few individuals or groups may not be affected by it, just as some few individuals or groups may not be affected by their economic interests or by loyalty to their class. Nevertheless it is a social force which has great power. It cannot be explained as a function of the private property system. To be sure, the small owners, those who have a direct and personal relation to some bit of property, may be more patriotic than the directors of corporations with their impersonal relations, or the property-less class of employees. But patriotism is present in these groups, as the socialists of all warring countries discovered in 1914, and again in recent years. To deal with it as though it were unreal or merely hypocritical is to invite disaster.

THERE is no need to argue that patriotism and economic interests do not cooperate. They do. What is not evident is that one is the function of the other. For a very long time, much longer than socialists who speak of a hundred years of fascism imagine, nationalist patriotism will be a power to reckon with. It is not at all unlikely that socialism itself will re-enforce this patriotism and that Russia will come to a high sense of national mission as the bearer of communism, just as France and the United States developed their nationalism more strongly when they became missionary nations with the grand ideal of democracy, a class-less world, a universal brotherhood, to proclaim. Now there is no doubt that the ruling, economic and political classes have allied themselves with this patriotism and made use of it to further their own ends. They did not produce it; it can, under some circumstances, become a very dangerous ally. But at all events they did not ignore it, they did not drive it into the camp of their enemy by denouncing it and its aspirations. They allied themselves with it and perverted it. A socialism which ignores patriotism or makes only grudging concessions to it will only succeed in cementing the alliance of capitalism and patriotism. Had the industrial workers of Germany been as astute as the capitalists were, they might now be in alliance with a patriotic party, directing its course into other channels than it will take under the silent guidance of the industrial barons.

What applies to the relationships of socialism and patriotism, or of class interests and national loyalty, applies equally to the relations of Christianity and patriotism. The Catholic church knows very well that it can cooperate with socialism and that it can cooperate with nationalism when occasion calls for it. In neither case does it give up its own character. Charges of hypocrisy are in place here only for those moralists who see everything in terms of black and white, for whom national patriotism is either something good or bad instead of a reality which may serve good or evil needs, or for whom the industrial workers' movement is either the prelude to the Kingdom of God or to the victory of the devil, instead of a movement which has within it potentialities for good or evil, which in and of itself is neither good nor bad but rather something to be accepted and understood as patriotism is. Nationalism may be Christian, and internationalism may be un-Christian; Gandhi's nationalism will appear to many to be more nearly Christian than the internationalism of either the international bankers or the international revolutionaries. German Protestant Christianity today finds itself in extremely uncomfortable alliance with an un-Christian nationalism partly because it had no confidence in itself as an independent power and hence did not develop its independence and seek to direct nationalism, partly because doctrinaire socialism did not realize that there were any other forces in the

world save economic interests and drove religious loyalty into the arms of patriotism and capitalism. The last statement may suffice to illustrate another phase of this maladepth strategy of the moralists who think in terms of good and bad men or movements only, but who, of course, always identify themselves with the good men and movements. To decry Christianity as capitalistic or to praise it as socialistic, forgetting that religious loyalties have an independent root in life and that religion is a part of the whole social fabric, that it may be in alliance here with one class, there with another, now with patriotism, now with internationalism, and that it is an actual social force to be reckoned with, is to betray oneself into the false strategy which socialism followed too long in Germany and in Italy.

Christianity and socialism in America will continue to follow false strategies if they persist in this tendency to classify all movements and social realities in terms of black and white. If idealistic Christians will continue to regard national patriotism as bad and internationalism as intrinsically good they will lose their opportunity to make patriotism international in a Christian sense and internationalism patriotic in the same sense. If socialists will persist in regarding patriotism as intrinsically capitalistic they will always succeed in re-enforcing their enemy by driving patriotism into his camp. If they are sure that religion is bourgeois in its nature they will by their relations to it align it with their foes.

THESE analyses may be applied to the individual as well as to parties and movements. We may ally within ourselves our Christianity and our socialism, or our Christianity and our economic liberalism—our Christianity and our internationalism, or our faith and our patriotism. To be a Christian and a socialist is not to be merely a socialist, but neither is it evident that to be a Christian one must be a socialist; to be a Christian and a patriot is not to be merely a patriot, but neither does it appear that to be a Christian one must be an internationalist of the type which decries patriotism. Religion, class loyalties, national loyalties are strictly different things which may be associated in various ways. To attempt to reduce them to simple terms, to the antinomies of nationalism and internationalism, of the class conflict, of Christian and non-Christian, is to give up not only the attempt to analyze clearly but also all chance for an effective strategy of life.

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Banking Reform in Canada

J. F. PARKINSON

THE inadequacies of the American banking and investment system, which were thrown into such dramatic relief by the national shut-down on Inauguration Day and by subsequent disclosures before Congress, have led to a renewed interest in the Canadian financial structure. The intelligent American, bent on banking reform, is disposed to regard with envy the Canadian system, one which shows every appearance of weathering the economic storm without loss. He is aware that no banks in Canada have closed their doors since the onset of the depression, and that no lack of confidence in the banking system such as developed into hoarding in the United States has appeared in Canada. He is apt to conclude, therefore, that the financial and banking arrangements of Canada provide a model on which the American system might well be patterned.

Canadians themselves, however, do not display the same uncritical attitude towards their banking system. In fact dissatisfaction with the financial and monetary mechanism has been growing, especially in the West, ever since the post-war slump and the subsequent agricultural depression. The new left-wing party, the Canadian Commonwealth Federation (Farmer, Labor, Socialist), which was launched last summer, found space in its very brief statement of program for the advocacy of "the socialization of the banking, credit and financial system of the country."

It may be appropriate, therefore, to review the main features of the Canadian banking and monetary system in somewhat the same critical manner that has become so common in the United States since President Roosevelt made it popular.

At the top of the monetary ladder, sharing the position with the Chartered Banks, stands the Dominion Government, which issues legal tender money under conditions which entitle Canada to argue that it normally possesses a gold standard currency. Unfortunately conditions have not been normal since early in 1929, when grain prices and exports first slumped and the provision making for the convertibility of the currency into gold became a dead letter—so dead, in fact, that the government recently had to give it a burial by removing the legal provision itself. By virtue of the position of the balance of international payments, Canada's dollar has fluctuated on the foreign exchanges over the last four years anywhere from par to 20 per cent discount in New York. The monetary system was quite incapable of preventing the initial fall from grace, and no mechanism exists whereby the

fluctuations may be controlled and minimized. The effects of both the discount itself and the frequent alterations in its rate have been particularly adverse to the conduct of Canada's many-sided international economic relations.

This, then, is the first indictment. In the absence of a Central Bank, monetary policy and its control rest in the charge of the commercial banks, which jointly dictate, as a result of their actions, the amount of credit available for Canada. These same banks, in addition, constitute the only foreign exchange market in Canada: they purchase all foreign bills, maintain balances in foreign centres and alone provide facilities for foreign remittances. Again, the responsibility for controlling the foreign exchanges rests within their power. They have ignored the responsibility, with the consequences referred to. Quite clearly, the developments of the last few years have amply demonstrated the need for the creation of an external, governmental agency, charged with the task of controlling the foreign exchanges.

WHEN it comes to the ordinary routine business of commercial banking, the Canadian system is relatively free from some of the problems which face American reformers. There is none of that duplication of system and jurisdiction which arises from the division between National and State banks in the United States. Back in the post-Confederation days, it is true, there was a danger that Canada would emulate the National Banking System, then in the first flush of its popularity in the United States. Only the opposition of merchants and farmers saved the country from being saddled with a system of unit banks, with a bond-secured currency on the American model. The first Bank Act in 1871 preserved the old system against the importunities of the bankers themselves, and gave Canada perhaps the most elaborate banking code in the British Empire. But many of the restrictions which marked the American code were absent: the bank-note currency was to be backed only by the general assets of the banks themselves and the system was free to extend its branches across the Dominion as fast as the new frontier provinces were extended. The decennial review of the Act provided for in 1871 has made it possible for pressure to be exerted through the Federal Parliament and directed towards improved banking practices on a national and uniform scale.

This provision alone has given its critics an oppor-

tunity of pressing reforms on a naturally conservative institution, an opportunity which has proved invaluable.

IT may not be without significance that the Government has decided, however, to delay the revision due this year until the next Parliament, on the ground that a better job may be done after the agreements of the World Economic Conference have been digested. One important revision, that of 1908, was carried through to give greater elasticity to the note issue of the banks. Formerly limited to the amount of paid-up capital, the issue may now exceed this limit by 15 per cent during the crop-moving period from October to February. In 1913, a further revision permitted such increases in notes above these limits as were backed by gold coin or Dominion Government notes deposited in the Central Gold Reserves. Finally all legal limitations upon the issuance of Dominion notes (and thus upon bank notes) were swept away in 1914 by the Wartime Finance Act, which was reaffirmed in 1923, whereby the Government is permitted to issue and advance its notes to the banks against certain types of security. The list of eligible securities and the operation of the Act itself are comparable to the rediscount provisions of the Federal Reserve System.

But Canada has gone further, and exempts the notes advanced under this Act from the statutory provisions as to the gold reserve. The rediscounting provision, in other words, provides not only elasticity in the note issue, but removes any safeguards against the over-issuance of Dominion notes, and subsequently of bank credit. To make matters worse, it leaves the Treasury Board, the agency through which the operations are conducted, unprovided with powers of control commensurate with its responsibilities. It is not an exaggeration to say that access to this form of credit, at rates of interest below the banks' lending rates, permitted and encouraged much of the extravagant expansion of the boom years, while a failure to enforce the use of this same source of funds today contributes to the deflation of credit and prices.

In the last few years the banks have sought to increase their liquidity in the professed though unreal interests of the depositors. Liquid assets as a proportion of total public liabilities rose from 32 per cent at the end of 1930 to 41 per cent by the end of 1932, for example. One bank pointed recently with great uncton to the fact that it had raised this ratio to 53 per cent. Needless to say, this strength has been reached only at the expense of agricultural, commercial and industrial borrowers, and not by rediscounting. Loans have been called or not renewed at maturity; bills have been allowed to run out, and other assets have been sold to clear the portfolios for nicely priced government bonds. The effect of this deflationary policy has been disastrous. Forced sales have slaugh-

tered prices; bankruptcies have been hastened, having the effect of undermining the position of the strongest businesses. The Canadian economy has amply paid the price of a liquid banking system.

It is because of the refusal of the banks to recognize the enormous potentialities for good or ill of banking policy in the large that intelligent Canadians are demanding that this function of credit control shall be undertaken by a Central Bank clothed with adequate powers. The passive attitude of the Treasury Board as at present constituted is not enough, bankers' beliefs notwithstanding. Central Bank control in Canada should imply an attempt at regulating the total amount of bank cash in the country with a view to securing orderly development of the economy and a stable price level internally, combined with some measure of foreign exchange stability. It will have to control the note issue through the medium of its rediscounting powers and its rate policy; it will require reserves adequate to the prosecution of credit and exchange-rate control.

Only in this way can the first step be taken towards the planning of the economy in respect to the financial mechanism.

AGAINST the legislative background referred to above, the concentration movement in banking has reduced the number of banks from 41 in 1885, when the maximum was reached, to 10 in 1933, operating almost 4,000 branches among them. The Act requires a bank to start with a capital of at least \$500,000 (of which half must be paid up) and provides in that clause a barrier to the establishment of local enterprises. With one special exception in the way of an English affiliate, no new bank has been established since the war. The consolidation movement is actually greater than the facts indicate, since three of the ten banks control 70 per cent of the total capital.

Of course size is an advantage in many respects. A bank with loans and investments dispersed throughout the various economic sectors can provide for safety and liquidity of assets in a way which small local banks cannot. The only purely local western bank in Canada, the Weyburn Security, was actually in trouble for lack of these facilities, though failure was averted by its absorption into one of the larger banks. In fact bank failures in Canada have now become inconceivable because, however unsound any one of them may become, the consequences of failure contain too great a threat to the position of the others. The Canadian Bankers Association would almost certainly make arrangements for assistance, or, in the last resort, the provisions of the Finance Act could be used to tide it over evil days. In the final analysis it is this virtual dependence upon Dominion assistance by what is or can become through its association a

virtual monopoly which warrants a greater degree of public control over the operations of the system.

THE centralization of control has its disadvantages. Bank head offices are situated in the two eastern cities of Montreal and Toronto, where the directors pass upon all but the very smallest of loans. It is unfortunate, to say the least, that the lending operations in the Maritime provinces and in the West should be governed by the decisions of Eastern bankers concerned directly with industrial interests. The absence of any system of intermediate agricultural credit makes the dependence of the farmer on the commercial bank much more complete than in the United States. The solution to the problem lies in the establishment of a system akin to the Federal Intermediate Credit Banks of the United States, but there are no signs as yet of any change in the traditional hostility of the financial purists to this idea.

The question of interest rates is fundamental. While the competition between the banks for deposits is undeniable, there is no competition in the rates of interest charged on advances or given on deposits. The C. B. A. agrees upon uniform rates. Now the net effect of this monopoly practice is particularly serious in times like these in that it makes for complete rigidity in the price of capital. This influence has spread naturally to the market for long-term capital, and has increased the problems of readjustment made necessary by the decline in prices. Despite the very belated reduction in the re-discount rate charged by the Treasury Board, there had been no reduction of bank rates in four years until a few weeks ago, **when a drop of one-half of one per cent** was ordered on deposits and on municipal loans only.

Although the Bank Act specifically forbids the banker to make advances against the hypothecation of lands or immovable property (ruling out most agricultural and urban mortgage business), there is nothing to prevent him from engaging directly in the long-term financing of industry. In fact many of them do maintain bond departments which buy on their own account and deal on behalf of their customers in exactly the same way as American banks do with their investment affiliates.

The temptations offered by this system are too dangerous for any government to permit its continuation. The fact that the directorates of the big banks are closely interlocked with those of the chief industrial, commercial and transportation enterprises of Canada has been conducive to a concentration of economic power in the hands of a relatively small group, a situation which from time to time in Canadian history has nullified any independence of action which a political democracy is supposed to foster. In the economic sphere this practice has facilitated the financing of large scale enterprises (not excluding transporta-

tion) which were patently unsound and extravagant from the outset. Nothing short of the complete separation of these two functions of banking and investment, together with the establishment of a National Investment Board clothed with very wide mandatory powers can remedy this evil and make possible the planning of capital investment in Canada in the interests of a stable economy, free from wasteful exploitation of men and resources.


THE rapidity of Canadian expansion over the last three decades along such an enormous economic front has given too many opportunities for the more acquisitive types of financing characteristic of this whole continent. To add to the economic gaiety of the country, foreign capitalists have shown a strong anxiety to share in the spoils. The result has been that every wave of prosperity has left behind it a debris of debt, public and private, domestic and foreign, particularly complicating to a country whose national income has been so drastically reduced. Since 1928 the national income of Canada has dropped from roughly six billions to just over one-half of that figure. The debt burden incurred in better times largely remains. The servicing of both the foreign and domestic debts has aggravated the fluctuations of the exchanges and the deflation of internal prices.

No reform which does not look toward the control of future investment of both domestic and foreign origin can get at the root of the banking problem. If this fact be accepted, it follows that the emasculated form of credit and investment control to which the Liberals are pledged is not enough. All investment institutions, including the commercial banks as well as the investment houses, must come under the control, not merely the supervision, of the federal government.

Loan Exhibit

CHARLES M. SCHWAB owns a Rembrandt
 Red as banked coals in a crucible;
 Katharine of Russia
 Garnered Rembrandts like jewels.
 No one should earn a Rembrandt
 Save by hunger, grief, and frustration;
 None should reach for a Rembrandt
 Save from the elevation of a cross.
 But for ordinary men
 This our heritage should be hung
 In open halls austere and friendly
 Where from wood benches we might ponder
 (In humility and exaltation)
 These revelations
 Of the luminosity of dust
 And the fire in corruptible flesh.

HILDEGARD NAGEL



Not in the

One Centralia Victim Left

Britt Smith, former Secretary of the Industrial Workers of the World in Centralia, Washington, sentenced to 25 to 40 years for murder on charges growing out of the defense of the union hall against an Armistice Day mob of Legionnaires in 1919, has been paroled as promised by Governor Clarence D. Martin. Ray Becker, the last of the eight I.W.W. prisoners, refuses to accept a parole. He holds out for a commutation of sentence, maintaining that a parole implies an admission of guilt. His innocence was indicated by evidence at the trial, but this evidence was barred on technicalities.

Foreign Student Ban Lifted

Revocation by the Department of Labor of the regulation promulgated by former Secretary W. N. Doak barring alien students from working to pay their way through American colleges has won praise from the American Civil Liberties Union, which had sought a test case to upset the ruling in the courts.

Belgium Persecutes War Resisters

Leo Campion, caricaturist, and Hem Day (Marcel Dieu), journalist, secretary and member respectively of the Belgian section of the War Resisters' International, sent a letter to Albert Deveze, Secretary of State for War, to protest against the criminal laws for the suppression of war resistance and anti-militarist propaganda, expressing their regret that thus far they had fulfilled their military obligations. To make their sincerity apparent, they returned their military wallets and informed the Secretary of State for War that it was their determination not to take part in any future war. Despite their recourse to the signing of the Kellogg Pact as authority for their judgment, they were ordered to join the colors for an indefinite term. This order they returned, reiterating their pacifism. Hem Day was at once arrested, while Campion, upon hearing of it, went voluntarily to the prison to show his solidarity with Day. *They will be tried on a charge of desertion, by court martial.* Both men are over thirty, says the International Antimilitaristic Commission, which reports the case, have families, and have announced their intent, in the event of imprisonment for pacifism, to go on a hunger strike.

"Loyalty"

When 100 out of 500 seniors in the Samuel J. Tilden High School in East Flatbush, New York City, refused to sign the pledge of loyalty to the Federal and State governments which is required by the Board of Education as a prerequisite to receiving a diploma, city authorities were plunged into confusion. The rule had been in force in the city ever since the war, but had not been enforced at this particular school. The students especially objected to the words "absolute and unconditional" before "loyalty". However, upon the application of pressure and propaganda work by principal and the Board, all the recalcitrant seniors signed up. Mr. John M. Loughran, the school's principal, optimistically decided that the pledge did not invade "the spiritual integrity of any honest citizen".

Espionage

The Parisian weekly *Vu* contains an article by Yves Deburelles which tells of the European spy system. France has a secret fund of 10,000,000 francs set aside for this purpose. Germany's allowance for spying runs to 60,000,000 francs.

What Socialization Can Do

Students at the conservative University of Iowa have had a lesson in what can be accomplished by the elimination of private profit under practical coöperation. During the last school year, Field House and Kellogg House, two coöperative dormitories for men, and other dormitories for women, were operated at such a low cost that undergraduates who could not have attended college otherwise have been able to do so by securing residential privileges in these houses. The News Bulletin of the university points out that "even though a new student has no job, he can have a whole academic year, all living expenses and school costs, for \$175 if he lives at Kellogg House and has earned the right to a partial fee exemption." At Field House, for example, by doing all their own work in the dormitory, "they can secure comfortable and healthful living quarters, including their own study hall, for one dollar a week. Thirty-six dollars pays the entire room bill for a school year." Kellogg House students received sleeping quarters, study halls, recreation rooms, house and yard privileges, three good meals a day, and a pleasant social life for a total of \$2.40 a week. Demand for these houses exceeds the capacity and new ones are projected for next year.

War as Business

Lehmann-Russbüldt, the well-known German pacifist, has issued another anti-war pamphlet called *Der Krieg als Geschäft* (War as Business). He shows among other things that for every casualty in the World War a profit of 50,000 marks was made.

Jim Crowing the Insurance Business

The National Association for the Advancement of Colored People is undertaking a drive to persuade colored holders of policies in the Metropolitan Life Insurance Company to protest the racial discrimination it declares to be in force at this firm's branches in Detroit, St. Louis, Cleveland, Chicago, Jersey City, and Philadelphia. It is asserted that a separate room or floor is maintained for colored policy-holders where they are required to go to make payments or inquiries, this policy being maintained by the company, in the words of its superintendent of agencies at the home office in New York, for the "best interests and convenience of all Metropolitan policy-holders."

Billionaire Corporations

A list of 22 American corporations each with assets in excess of a billion dollars has been compiled by a feature writer of the United Press. The total assets of these 20 concerns is in excess of 40 billion dollars. The American Telephone and Telegraph Company heads the list with assets of \$4,901,575,912.

General Johnson's War Role

Wartime pacifists noted that, despite President Wilson's pledge that there would be "no conscription of the unwilling," registration blanks under the draft law provided no space for those who, not belonging to one of the religious sects recognized as opposed to combat, still were ethically opposed to warfare. The injustice of this has been attributed, along with other broken pledges, to the Administration leaders. In the New York *World Telegram* on June 3 appeared an article about General Hugh S. Johnson, recently placed in charge of the administration of the National Industrial Recovery Act, which reveals that, without instructions, Johnson, who was serving under General Crowder in running the draft machinery during the war, got the blanks printed up, on his own dictatorial initiative, without consulting Crowder, and had them all ready for mailing before Congress passed the conscription law.

Headlines

Comintern on United Front

The Executive Committee of the Communist International has now replied to the resolutions of the International Labour Party of Great Britain concerning a united front movement. The essence of this communication is to the effect that the most effective step that can be taken is for the I. L. P. to adopt the Communist strategy, as may be seen from the following extract: "If the members of the Independent Labour Party are really developing in the direction of adopting our programme, then possibilities open up in Great Britain for the formation of a single, strong, mass Communist Party corresponding to the conditions of the country. . . . If the Independent Labour Party energetically assists the struggle of the Communist International this will be of great international significance."

Camouflaged Communism

The National Joint Council of the British labor movement has issued a warning to its constituency against supporting disguised agencies and affiliates of the Communist Party. The manifesto says: "It is well known to most Labour people that it is a recognized Communist practice to establish apparently innocent organisations for specific purposes in the hope of attracting loyal supporters of the trade union and Labour movement who are unaware of the real origin and purpose of these bodies. As soon as one organisation of this kind is exposed another springs up under a different name, and it is difficult for the movement to know whether any organisation seeking support should be helped."

N. J. Bill No. 478

Governor Moore has signed a bill which prohibits contractors doing state work from discriminating against Negro workers. A similar law is now in force in Indiana.

Peace, But . . .

Viscount Cecil, at the recent Edinburgh meeting of the British League of Nations Union, vehemently opposed a resolution declaring that individuals would be justified in resisting any war that had been labelled by the League of Nations as having been started in contravention of the Covenant and the Kellogg Pact. Lord Cecil held that it would be rash in the extreme to encourage the attitude that anybody, whether a soldier or sailor or a civilian, would be right in refusing to fight when his country ordered him to do so. Thanks largely to Lord Cecil's intervention from the chair, the resolution was lost.

Against War Taxes

One of the important resolutions to be considered by the 135th annual conference of the Church of the Brethren, with a fair chance of passage, provides that all taxes a part of which is to be used for military expenditures shall be paid only under protest.

All Would Have Been Well

On the front page of a recent issue of the *Choate News*, organ of the Choate School, Wallingford, Connecticut, we read: "German Herman A. Metz spoke on Hitler and conditions in Germany. . . . Hitler undoubtedly made a mistake in his persecution of the Jews. If he had merely persecuted the Communists and the Socialists, all would have been well in the eyes of the world, and it would have amounted to the same thing, since most of the Communists in Germany are Jews."

From the Ohio Presbyterians

At a recent meeting of the Ohio Synod of the Presbyterian Church, the following official declaration was made: "In the light of the Paris Pact, we declare it to be our faith that the army and navy of the U.S.A. ought never to be used except for the purpose of resisting invasion and that the U.S.A. ought to set an example to the world by adopting a program of progressive disarmament."

Spain and Russia

One of the first jobs tackled by Don Fernando de los Rios, Spanish Socialist leader and famous intellectual, since he shifted his cabinet position from that of Minister of Justice to the portfolio of Foreign Affairs, was to start a study of Russian-Spanish relations looking forward to the formal recognition of the Soviet Union.

Same as the Friends

The last annual meeting of the California Universalist Convention unanimously adopted the following resolution: "That the Universalist principles of the Fatherhood of God and the Brotherhood of Man cannot be reconciled with the deliberate taking of life in war. That, since our country has renounced all war, we urge our people to adopt the historical position of the Friends, and take the attitude of conscientious objection to all war. That the faith of the Universalist Church should be recognized by all governmental agencies in the same way as they accept the belief of the Society of Friends."

Boycotting Hitler

Although the Communist International has discouraged its affiliates and the radical labor movement from imposing either a boycott against German goods or from refusing to transport goods for German fascist firms, out of deference to the Soviet treaty for trade with the Hitler government, the British Trade Union Congress, the Dutch National Trade Union Center, the Dutch Socialist Party, the British Labor Party, the British Trade Union Congress and the British Parliamentary Labor Party, have given their endorsement to such a movement.

Anti-Injunction Laws

Seven of the 10 anti-injunction laws enacted in recent months were designed along the lines of the model bill of the Committee on Labor Injunctions organized by the American Civil Liberties Union.

Church Holds Hearings on Relief

At the Humboldt Park Community Methodist Church of Chicago, hearings on the problem of relief for unemployed were held under the auspices of the Chicago Workers' Committee on Unemployment. The facts were brought out that only \$1.35 per week per person is allowed for food rations, and that "the applicant for relief must have used all his savings, borrowed the limit from relatives and friends, cashed in his insurance policies (except for burial purposes), exhausted his credit at stores, and in general established himself a pauper before he may be accepted on the relief rolls."

Hitlerism Loses Finland

The onward sweep of Hitlerism was checked at Finland's recent elections, in which Labor gained sharply, until it now controls 40 per cent of the seats in parliament, while both the extreme Brown Shirt party and the conservatives lost.

Pacifists Meet Pacifists

The International Friendship Committee of the British No More War Movement (Midland Council) is organizing parties of pacifists to visit other countries. During this calendar year visits will be made to France, Holland, Ireland and Russia. Pacifist bodies, where they exist abroad, cooperate in the arrangements, says *Reconciliation*, thus bringing the visiting parties into close contact with men and women who are working for world peace in other lands. The organizer is Mr. Will Rowe, 56 Downside Road, Erdington, Birmingham.



The Book End

With occasional exceptions important enough to merit drastic criticism, THE WORLD TOMORROW reviews only books which it believes, after careful evaluation, are of genuine worth.

The Ablest Interpreter of Marx

Towards the Understanding of Karl Marx. By Sidney Hook.
John Day Company. \$2.50.

IN a few brief years Professor Sidney Hook has become known in this country as the ablest interpreter of Marxian philosophy in our nation. This is not surprising, since he is probably the first philosopher in America to devote himself seriously to Marxian thought, a task to which he brings a brilliant mind, disciplined in philosophic thought. It is natural, therefore, that his book should be more than an introduction to Marx for American students. It is actually a systematization of Marxian philosophy which makes a permanent contribution to the subject.

Hook is an orthodox Marxian. He is interested not only in dialectic materialism as a philosophy but also, like Marx, in the practical consequences of his philosophic position. He is interested in proving for instance that Marx's epistemology is not a sensationalistic empiricism in order that he may insist on the significance which Marx attached to conscious activity on the part of those who are intent upon revolutionary change. Revolutionary change can come only through the combined fulfillment of certain objective conditions in history, the conscious exploitation of those conditions. Hook contrasts the clarity with which Marx understood this relationship between objective historical conditions and the conscious activity of human agents with the enervating determinatism of Marxists of the Kautsky variety on the one hand, and with the various types of revisionism on the other. He thinks that Lenin grasped this relationship clearly even though he had a faulty theory of knowledge.

Hook's orthodoxy is not of the kind which would satisfy devotees who regard the thought of "the fathers" as inerrant. He does not agree with Marx's anthropology or with Lenin's theory of knowledge. What he does insist upon is that Marx's dialectic method is a perfect instrument for creating a revolutionary movement in that it does justice to the importance both of objective conditions and of human agency in a social situation.

Professor Hook is inclined to stress the function of the factor of consciousness to the point where it brings him into conflict with the communists, who do not like his insistence on the idea that the breakdown of capitalism and the establishment of socialism is not inevitable unless the revolutionary movement uses the right strategy at the critical moment. In the conflict between communism as a religion, which has a vision of an inexorable fate by which capitalism will be overtaken, and communism as a social idealism, which inspires its devotees to make the inevitable possible, Hook is clearly on the side of those who emphasize moral responsibility. That is why the official Communists charge him with being a disciple of Dewey rather than of Marx. Against that charge Hook protects himself persuasively by citations from both Marx and Lenin. He is holding two forces in proper balance just as they did.

One wonders, however, whether this emphasis upon voluntarism as against pure determinism does not lead Professor Hook to make some faulty analyses of non-orthodox types of Marxism, German Marxism for instance. Mr. Hook admits that Kautsky's type of orthodoxy and Bernstein's revisionism were merely two varying forms of rationalizing the German movement's lack of revolutionary purpose. If they were merely rationalization, then they could not themselves be regarded as the real cause of the failure of German socialism to remain true to Marxian orthodoxy. The real cause must be found in the objective conditions of the German situation. The Germans became "social patriots" in a critical situation. Was that because the leaders were too cowardly to admit or too ignorant to know that "workingmen have no country"? Perhaps it was due to the fact that when workers are not completely disinherited they still have a country. Or it might be put in another way. Even if workers do not really have a country they will not know this fact unless they live under conditions which make the fact obviously and unmistakably true. If it is not absolutely true, if the workers still have some small stake in the national culture and economy, they can be persuaded of the fact of their disinheritance only by leaders who have risen higher above the conditions which determine moral and political ideas than any realistic economic determinatism can regard as possible.

Professor Hook has, in other words, made out a very good case for the thesis that only the communists are orthodox Marxians. But in his interpretation of the heresy of fatalists and revisionists he ascribes to ignorance and cowardice what must be attributed to the objective conditions of Western civilization. Communism is orthodox Marxism: we may take Professor Hook's word for that. The course of Western civilization may justify this orthodoxy, and then again it may not. At any rate, the deviations from orthodoxy in the Western world have their roots in the peculiar circumstances of Western life.

R. N.

The Race Between Wages and Production

Economic Tendencies in the United States. By Frederick C. Mills.
National Bureau of Economic Research, New York. 639 pp.
\$5.00.

IN this careful and voluminous study, Dr. Mills compares changes in industry during the pre-war period of 1901-1913 with those in the post-war period of 1922-1929. What he finds is, of course, an appreciable speeding up of production growth in the latter period. While the rate of population growth decreased from 2.0 to 1.4 per cent a year, the index of production (excluding construction) rose from an average of 3.1 to 3.8 per cent. This in per capita terms meant a rise from an average annual gain of 1.1 per cent to one of 2.4 per cent. Prices, save for the drop of 1926-27, were relatively constant during the post-war

period, but the decline in costs created a great expansion in profits. While the wage-earners improved their position at only an annual rate of 2.1 per cent a year and bond holders actually suffered a slight loss, common stockholders gained in real income at a rate of 16.4 per cent a year. A large proportion, and perhaps most, of these profits were reinvested in industry through the construction of additional capital facilities. There is strong evidence to indicate that these types of goods increased so much more rapidly than the consuming power of the masses that when the new capital instruments began to produce consumers' goods and services, there was not sufficient buying power to take them off the market without an appreciable price decline. The lesson to be drawn from Dr. Mills' analysis would seem to be that if we are to avoid in the future such catastrophic breakdowns under capitalism as that which we are now experiencing, the real income of the workers, farmers, and lower salaried workers must increase at approximately the same rate as that of production as a whole. Whether these adjustments can best be made by economic processes or by government control is not only an interesting problem but also one upon the solution of which the future of capitalistic society may in no slight measure depend.

P. H. D.

Trends of Modern Thought

Adventures in Ideas. By Alfred North Whitehead. Macmillan Company. \$3.50.

IF anyone desires to become acutely aware of the magnitude and variety of the problems which philosophy is called upon to solve, let him read Whitehead. The difficulties encountered in reading his books are inherent in the very problems which they undertake to discuss. Whatever his critics may say, Professor Whitehead cannot be charged with over-simplifying his task. The whole cosmic process, teeming with unresolved problems and paradoxes, is his field. His metaphysical speculations, inspired by Plato, constitute a feat unparalleled in contemporary philosophy. He faces a world complicated with processes and events beyond the wildest dreams of the uninitiated layman, and challenging the imagination of the most penetrating philosophic minds; and he attempts to integrate it, in his own thinking at least, into an organic whole, where all the seemingly discordant parts fit together, and where at last there is order and peace.

The object of *Adventures in Ideas* is to indicate, by way of a few conspicuous illustrations, the trend of ideas and attitudes along the line of society's major problems: sociological, cosmological, and philosophical; and these problems are legion. "Everywhere," says the author, "there is constraint and freedom, survival and destruction, depth of feeling, triviality of feeling, conceptual realization and physical realization, appearance and reality. Any account of the adventure of ideas is concerned with ideas threading their way among the alternatives presented in these various phrases." And more than that: The universe is dual because it is both transient and eternal, mental and physical, actual and abstract; it is pluralistic because it is wholly and completely to be analyzed into many final actualities; it is monistic because of the universal immanence. But in the end this universe achieves its values by reason of its co-ordination into hierarchies of societies. There are societies of astronomical systems, of nations, of states, of people. There are also societies of cells and atoms, and electrons, etc.

Here, then, is a conglomerate and yet organic whole from which the author starts, and to which he returns again and again. He has been called an idealist, but he defies classification and can-

not be made to fit any known school of thought. He carries the burden of the cosmos on his shoulders, and whatever the ultimate fate of his philosophical structure may be, it can be said that no other living thinker has plunged so frankly and courageously into a multiplicity of metaphysical problems.

Everywhere there are cosmic and historical contradictions, and Professor Whitehead points them out painstakingly and conscientiously. The universe is transient and eternal, physical and mental, formal immediacy and objective otherness, one and many. It is, in short, a multitude of opposites which defy analysis, description, or consistent harmonizing; and yet the task of philosophy and of life is to produce the great "Harmony of Harmonies," to find perfection in imperfection, unity in diversity, peace in conflict.

A staggering assignment this but the author accepts it unflinchingly. His is the philosophy of an urbane, sophisticated optimism. Not since Hegel have there been such flights of speculation. One is prompted to observe, and not out of a lack of respect for the distinguished author, that the point of view here presented has the earmarks of a decadent theological structure, and is thus the expression of his own deep-seated yearning for that eternal something of which he has had a glimpse, but which he has not fully possessed. He admits that speculation is full of dangers, but he insists that it is necessary. In this he is probably correct, if only from the standpoint of incorrigible human curiosity and desire.

What the fate of Professor Whitehead's own system will be remains to be seen, but that it will be dealt with none too gently by irreverent and less poetic spirits than himself is certain. In the meantime, however, the inspiring vision of ultimate perfection and peace which he holds before us is great enough and far enough removed to provide excitement for the most daring and adventurous spirits, provided they can be persuaded that it is what he pictures it to be if and when they achieve it.

EDWIN T. BUEHRER

WE RECOMMEND

Immigrant Gifts to American Life. By Allen H. Eaton. Russell Sage Foundation. \$3.00. Completely reversing the "official" point of view that every immigrant is a danger and a nuisance and ought to be excluded, this book shows what the immigrant contributes to American life, especially in the arts and crafts. Illustrations are numerous and interesting.

Magic and Mystery in Tibet. By Alexandra David-Neel. Claude Kendall. \$3.75. A rattling good travel book, but more than that, a study of a remote land and its people, that begins where less familiar writers leave off. The author spent fourteen years in Tibet, was made a Lama, and speaks the various dialects fluently. Also, bless her, she can write!

Night Flight. By Antoine de St.-Exupery. Century Co. \$1.75. The Femina Prize Novel of last year, now published here. Compressed, vital, hardly more than a short story in length, but touched with beauty, sensitivity, the driving power of an aviator's code of duty. The motion pictures would certainly call it "Wings Over Patagonia". But they never could get it on the films.

The Rise of Saint Calvin. By Duff Gilfond. Vanguard. 294 pages. \$2.50. The rise of Cal Coolidge via the "escalator system" from a lowly mayor to President of the United States is a story worth pondering. It reveals more about American politics and their lowly estate than a dozen learned volumes on the technique of government. This book is largely anecdotal and not very profound, though it is at times very amusing.

Bells: Their History and Romance. By Gouverneur Morrison. J. F. Rowny Press. \$3.50. Is there anything which so completely intertwines practical public service, the arts, religion, history and romance as a bell? This delightful compilation covers various parts of the world, from the carrillon at Bruges and the Campanile in front of old St. Marks at Venice, to the Giralda and the various belfries of our own country. Bells have rung out historic wedding chimes, sounded grimly the knell of doomed tyrants and freemen, called the masses to worship and roused them to hellish fury. In prose and verse, collected from common and unusual sources, they are all here. Subtly, too, without formally hinting at the manner in which the destinies of the whole world's people are wrapped up together, this book summons them to a life of union.

The Odyssey of Cabaza de Vaca. By Morris Bishop. The Century Co. \$3.00. The adventurous record of a "different" conquistador, whose impress on American history was not slight, but whose achievements, daring and more constructive than those of his fellows, have been too long forgotten and too little sung.

European Diplomatic History 1871-1932. By Raymond J. Sontag. The Century Co. \$3.50. A sound, clearly written, logical story of the crucial events since the Franco-Prussian War. Particularly refreshing is the treatment of the World War, which assigns to Germany her real rôle in the conflict, appraising her as far less venal than incredibly stupid, and which does not glorify the American role unduly. Dr. Sontag, of Princeton, has produced a really well-balanced book for reference, study, or general reading. If we found some disappointment in its handling of economic factors, it is at least an eminently satisfying—and therefore unusual—work so far as it deals with objective political developments.

Forced Labor in the United States. By Walter Wilson. Introduction by Theodore Dreiser. International Publishers. \$1.50. The next time your great-aunt grows apoplectic over forced labor in the timber camps of Soviet Russia, or some other tale of labor persecution, try out this well-documented record of our own national shame. While we suspect that the author's purpose was exactly that which we have hinted, we do not doubt the authenticity of this crushing volume. Sardonicly, after raking us over the coals about our chain gangs and peonage, Mr. Wilson concludes with a neat discussion of what actually goes on in the Russian timber camps and similar institutions. Frankly, we knew before we read the book which we thought worse; but the book has confirmed us in our prejudices.

Spain. By Lowell Thomas and Frank Schoonmaker. Simon and Schuster. \$2.50. Frank Schoonmaker was in Spain when the Revolution broke, just finishing up a travel book. With him Lowell Thomas joined, and the two have produced one of the handiest jobs imaginable. Itineraries are suggested, brief vocabularies are included, type is remarkably clear and concise, useless rhapsodizing over trash just isn't there, and withal, this is the one absolutely indispensable thing any prospective traveller to Spain must take along. The writers, bless them, don't hesitate to dispel some of the old illusions, for sake of the truth; but they have added treasure often overlooked by previous compilers.

ANNOUNCEMENTS

Conference on Religion and Economics

AUGUST 10 to 17 a conference for religious groups interested in a new social order will be held at Brookwood Labor College, Katonah, N. Y., some 40 miles from New York City, under the auspices and leadership of Brookwood faculty members. Board and room for the eight days will be \$20.00. Correspondence should be addressed to the Secretary, Brookwood Labor College, Katonah, N. Y.

New History Society Makes Awards

WITH a rousing celebration at Paris, which caught the attention of the European press and enlisted the support of French notables, the presentation of the New History Society's peace essay awards took place on July 3. The presentation ceremonies were held in the Grand Amphitheatre of the Sorbonne, with M. Henry-Paté, Vice-President of the Chamber of Deputies, as chairman. The program was given a colorful musical setting by the Left Bank Symphony Orchestra and soloists. Brief addresses were made by Lewis Stuyvesant Chanler, joint donor of the prizes with Mrs. Chanler, on the contest and its aims; by M. Henry-Paté in opening the meeting; by Mirza Ahmad Sohrab, on the work of the New History Society; and by M. Jean Dupuis on the "Ideal of University Youth." Addresses followed by M. Bouglé, Sorbonne professor; Dr. W. E. Rappard, of the Geneva Institute; M. Emile Borel, Member of the French Institute; Dr. Salvador de Madariaga, Spanish Ambassador; and Mme. Malaterre Sellier, head of the peace section of the French Council of Women.

The subject of the contest was "How Can the Youth of the Schools and Universities Contribute to the Development of a United States of the World?" Participants were limited to students and graduate students of European colleges and universities. Judges were M. Borel; Viscount Cecil; Dr. Albert Einstein; Dr. Madariaga; Dr. Gilbert Murray; Colonel Picot, former Cabinet minister; Dr. Ludwig Quidde, Nobel Prize winner; Dr. Rappard; and Devere Allen, Editor of THE WORLD TOMORROW. The judges were almost unanimous in their decisions.

First prize of \$300 went to Russell M. Cooper, an American studying at Geneva when the contest was held. Because of the fact that Mr. Cooper was an American, the donors deemed it fairer to award a supplementary first prize of \$300, which went to René Billères, of France.

Mr. and Mrs. Chanler have announced their intention of awarding similar prizes for an essay contest on a different theme, limited to students in Latin America. Details may be secured from the New History Society, 132 East 65th St., New York City.

Who's Who in This Issue

Jonathan Henderson Brooks is a well-known Negro teacher and poet.

F. Theodore Miner is minister of the Methodist Episcopal Church at Saltsburgh, Penn.

H. Richard Niebuhr is professor of Christian Ethics at Yale Divinity School.

J. F. Parkinson is a Canadian economist.

Hildegard Nagel is a New York poet.

Edwin T. Buehrer is minister of the First Congregational Church at Haworth, N. J.

CORRESPONDENCE

Victory for Swedish Cooperatives

THE friends of coöperative and socialized industry will perk up their ears at the news that the international electric bulb cartel, Phoebus, headquarters at Geneva, has brought action in the Swedish courts against the Scandinavian coöperative electric bulb factory, Luma, on the ground of alleged infringement of patent rights.

The Luma factory, located in Stockholm, is jointly owned and operated by the consumers' coöperative wholesales of Sweden, Norway, Finland and Denmark. It has a daily capacity of 15,000 bulbs. It was built and began operations early in 1931 as a defensive measure by the organized consumers of the Scandinavian countries against the exploitative prices of electric bulbs enforced by the cartel. Even while the factory was in course of erection, the cartel took occasion to lower its Swedish prices sharply, and soon after the coöperative lamp began to appear on the shelves of the coöperative societies, Phoebus (quite unbefitting the dignity of the god of Light) came down again, this time to the Luma price. The total drop was approximately 40 per cent. Similar price reductions were induced in the other Scandinavian countries. In spite of this sharp price competition, Luma closed its first year with a surplus of £6,000, and paid a dividend on purchases. Unsuccessful in matching swords with a consumer-owned factory in the field of free competition, the cartel now falls back upon its legal allies, who will attempt to prove patent infringement. The Luma management asserts that before the factory entered production the fullest investigation was made and that every satisfaction was obtained that there had been no infringement.

This is not the first time that organized consumers of Scandinavia, notably Sweden, have gone up against the profit monopolies. In the years 1909-11, the Swedish margarine cartel was broken by the operations of a coöperative margarine factory. Since 1921, Koöperative Förbundet, the coöperative wholesale society of Sweden, has been the controlling force in fixing the price of margarine. The flour millers, too, profiting hugely on the makings of the staff of life, came a cropper when the mills of K. F. started to turn in 1922. By 1927, 25 per cent of all the flour produced in the machine mills of Sweden came from coöperative plants.

Phoebus (full name, "Phoebus S. A. Compagnie Industrielle pour le Développement de l'Eclairage") embraces the dominating electric lamp manufacturing companies of France (La Compagnie des Lampes), Germany (Osram), England (the entire membership of the Electric Lamp Manufacturers Association), and Holland (Philips). Among other European plants included are some Italian and Scandinavian names. From outside Europe are recruited Japan and the United States, the American General Electric Company being represented by its minion, the International General Electric—represented in such thumping fashion, indeed, that we are more than suspicious that Messrs. Swope and Young have a controlling finger in this pie. In all, the lamp cartel includes, apparently, eighteen countries. The details of the assembling of this trust and of the founding of the coöperative factory are told in a pamphlet entitled, "Luma, the First International Coöperative Factory", by Anders Hedberg, translated into English and published by the Coöperative Union of Manchester, England, at 6d.

New York City

OSCAR COOLEY



ALL over the land, everybody, whether plumber, painter, or fluteplayer, is busy trying to obtain a satisfactory code. And here am I, off color as usual, eager to get rid of one. By code is id by doze. Somewhere in the N. I. R. A. there must be a few bad germs.

There is one industry which will, I suspect, be late in handing in its program. That is the cartel of amateur breadline bums. David Binney Putnam, for the *World Telegram*, has been going through the Main Stem and flophouses of New York. Many, variously motivated, have been doing it, including André Maurois, the French best seller, who has been taking a flyer at slumdom—not in France, be it noted, but in our country. I myself have written of the windswept doorways along the Canebiere, in Marseilles, with its old women huddled behind newspapers to keep out the cold; but I have never exactly treated myself to the pleasure of utilizing the down-and-outers mainly for lit'ry material.

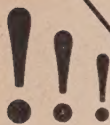
In any case, I think a code should be worked out, covering such questions as the right to invade the sufferings of an unfortunate on the pretext of being one yourself; the number of hours spent at this labor, which in my opinion ought to be eighteen a day for two months without rest; and the mandatory reward, which should be nothing less than a three-years' abstention from speaking or writing. I have no objection to a surgeon's probing my interior; but I am going to raise a howl when he tries to put it on the motion picture screen, especially when it draws well at the box office. That is why, for the fake-suffering trades, as in the case of the fake antique business, I favor a stretch-out system of long hours with many painful experiences at once, and a sweatshop régime of no money for the toil expended. Vastly better would it be if our lit'ry lights turned their fancy for a time to the social implications involved should a denizen of life's hard alleys suddenly take to the lecture platform, address Rotary and Kiwanis on the mentality, when any, of quaint middle class specimens, and point out various concrete ways of making the grotesque figures that clutter our colleges, churches, business firms and editorial offices understandable to the normal masses.

ONCE, I myself spent several days and nights in sociological research, years ago, to write a thesis on my experiences in a great city of the Middle West. The problem was one of wholesome, universal recreation. Consequently—or so I decided—it was necessary to attend every day a couple of lurid movies, a questionable vaudeville show, a chop-suey joint at 3 A.M., and a performance of mellow burlesque. I have a faint memory of playgrounds, libraries, institutional churches, etcetera; it is not impossible that I studied these too. Only less dimly can I recall that I drew an A with my constructive suggestions for the eradication of the shadier, more disgusting forms of popular amusement. These dubious recreative facilities, I felt, were pretty bad. Hadn't I gone through them, to convince myself, again, again, and yet again?

THE British government, I see, is also going reformist. It has banned toy revolvers and dummy machine guns when used to frighten people or to invade their rights or property. Wouldn't it be lovely if eventually it got around to outlawing bombs and bayonets when used to "pacify" natives in outlying regions of the realm? Uncle Sam, for that matter, has gone in for uplift too. That is, convinced of the wickedness of war, Mr. Roosevelt is going to elevate the guns on our warships and build a lot of nice new cruisers. No, honest; it's not for fighting. It's just to be sure that we understand the wicked little things. . . .

Eccentricus ■

THIS IS YOUR CHANCE!



As compared with the principles of Jesus, the elimination of "aggressive" war is on a par with the abolition of "aggressive" gangrene.—*THE FIGHT FOR PEACE.*

Peace propaganda is only a pebble in the powder horn; it may cause some interruption in the smooth flow of nationalist war dogma, but that is all.—*THE FIGHT FOR PEACE.*

You can frighten people into war, but you can't scare them out of it. The effect, especially in a rather effete civilization, is not entirely unlike that achieved by a window made opaque except for one round transparent hole, labeled "Don't look in here." You know, of course, what happens.—*THE FIGHT FOR PEACE.*

When it comes to finding rulers and statesmen actually in battle, every square foot of every sector is a no-man's land. As far as actual personal combat is concerned, every "slacker" is a "very model of a modern major-general."—*THE FIGHT FOR PEACE.*

Patriotism has become to many people a bona fide religion with the flag as an ikon and the flash of a bayonet on its way through human ribs as a counterpart of the cross.—*THE FIGHT FOR PEACE.*

When men inquire why war has mowed down the peace movement again and again through history, they must not forget that spokesmen for peace have long bleated like lambs, cooed like doves, or quivered vernaly against the harsh and wintry gales of conflict.—*THE FIGHT FOR PEACE.*

The lesson of history, at least the history of our United States, is this: the greatest cause of war is war.—*THE FIGHT FOR PEACE.*

Arms, industry, science, and government—these are the Four Horsemen which ride into a fearsome dawn. Behind them march eager ranks of factless, propagandized, mob-stirred millions, goose-stepping to a doom they do not see. They do not know it, but already they are mobilized.—*THE FIGHT FOR PEACE.*

War abolition can never be accomplished until the minds of people by millions all over the world have made the transition from a refusal to sanction war in general to oppose all wars concretely, in particular. That opposition will have to be like granite. At every point where the appeal of war is plausible, where the war method wears away resistance, we must erect Gibaltars of conviction.—*THE FIGHT FOR PEACE.*

The Fight for Peace, by Devere Allen, a five-dollar, 746-page book, beautifully printed, covering the entire peace movement, its leaders, its successes, its failures, its present strategy and problems—with many important products of original research to be found nowhere else, will be sent, postpaid,

In what way was the development of the American peace movement related to the rise of the movements for woman suffrage, Abolition, economic justice? See THE FIGHT FOR PEACE.

What has been the true reaction of women to warfare through the ages? What is the history of women duellists? How many hundred women fought in the ranks during the Civil War? See THE FIGHT FOR PEACE.

Who was the originator of the idea that conquest is costly, which was so well developed by Sir Norman Angell? Bentham? Or is the concept far older than generally assumed? See THE FIGHT FOR PEACE.

Did the peace movement of our country stand out against any of our wars? Or has it backed them all, completely and unquestioningly? See THE FIGHT FOR PEACE.

Why was the Hague Conference called by the Czar of Russia, and why do we in 1933, still celebrate as Good-Will Day May 18th, the birthday of Nicholas II? See THE FIGHT FOR PEACE.

What has been the historical effectiveness over a hundred years, of the arguments that war is too costly in life and treasure; that it is caused by newspaper propaganda; that it destroys freedom; that it produces crime; that it is hideous? See THE FIGHT FOR PEACE.

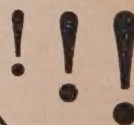
When Peary went to the North Pole, he carried a peace flag to be planted there. Could the organization sending it have been the D.A.R.? See THE FIGHT FOR PEACE.

What famous poet of New England called war "murder" in 1847 but urged it as divine in 1864—and why? See THE FIGHT FOR PEACE.

Who was the poet, Quaker, mystic, Abolitionist, pacifist, who pitched into those who were lukewarm about war against the South, wrote an intolerant poem, then suppressed it from his definitive editions? See THE FIGHT FOR PEACE.

When the first peace societies approached John Adams and Thomas Jefferson for support, what replies did they receive? Which of the two joined as an honorary member? See interesting unpublished letters in THE FIGHT FOR PEACE.

The most complete peace ammunition is in THE FIGHT FOR PEACE.



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